

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON FINANCE

Call to Order: By **CHAIRMAN BOB KEENAN**, on April 2, 2001 at 9:00 A.M., in Room 455 Capitol.

ROLL CALL

Members Present:

Sen. Bob Keenan, Chairman (R)
Sen. Ken Miller, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. John Cobb (R)
Sen. William Crismore (R)
Sen. Greg Jergeson (D)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Bill Tash (R)
Sen. Jon Tester (D)
Sen. Mignon Waterman (D)
Sen. Jack Wells (R)
Sen. Tom Zook (R)

Members Excused: Sen. Royal Johnson (R); Sen. Bea McCarthy (D);
Sen. Debbie Shea (D); Sen. Corey Stapleton (R) None.

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Jon Moe, Legislative Fiscal Division

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 447, 3/30/2001; HB 6,
3/30/2001; HB 8, 3/30/2001

HEARING ON HB 447

Sponsor: REP. DAVE LEWIS, HD 55, HELENA

Proponents: **Eric Griffin, Director, Public Works Department,
Lewis & Clark County**
 Bob Person, Great Divide Skiing Company
 Bill Willing, Home Owner, Marysville Road
 **Cathy Burwell, President, Helena Area Chamber of
Commerce**
 Dave Galt, Director, Department of Transportation

Opponents: **None**

Opening Statement by Sponsor:

REP. DAVE LEWIS, HD 55, HELENA, presented a letter from Max Baucus **EXHIBIT(fcs74a01)** and a summary sheet **EXHIBIT(fcs74a02)**. He explained if federal funds were specifically allocated for the Marysville Road, the bill would allocate up to \$1 million from the Federal Special Revenue Fund to plan for reconstructing and paving the road from State Secondary Highway 279 to Marysville. He advised they were #2 on a national list with the Corp of Engineers for clean-up projects. He said the drainage going up to Marysville along Silver Creek is an old mining area with heavy metal contamination. Consideration from Congress was hoped for. The road would be an integral part of any clean-up project in the area. The BLM has identified the area as their #1 priority in the state. They were looking towards a special appropriation with the congressional delegation to tie the project in with the clean-up. He felt there was a good chance the project would proceed and they wanted to use the opportunity to get planning money to get work started on preparation on the reconstruction of the road.

Proponents' Testimony:

Eric Griffin, Director, Public Works Department, Lewis & Clark County, said HB 447 would help to begin the process for improving the Marysville Road. He said the road was originally built in the mid-1800s for horse drawn wagons. He explained the blind corners and steep embankments create a high accident roadway. He indicated there had been many accidents in the last 10 years. He contended the county would continue to maintain the existing gravel road to the best of their ability. Asphalt improvements would provide for a more consistent road surface which would improve safety for the traveling public. The project would help economic development, create greater recreation opportunities and provide for better access to public lands owned by the Bureau of Land Management and the Forest Service. He asked for favorable consideration of HB 447 on behalf of Lewis and Clark County.

Bob Person, Great Divide Skiing Co., handed in his testimony **EXHIBIT(fcs74a03)**.

Bill Willing, Home Owner, Marysville Road, presented testimony to the committee **EXHIBIT(fcs74a04)**.

Cathy Burwell, President, Helena Area Chamber of Commerce, said the recreational use of the road has increased and would continue to increase with improvements to the ski area. Summer recreation also has been increasing. She urged support of HB 447.

Opponents' Testimony:

None.

Informational Witnesses:

Dave Galt, Director, Department of Transportation, noted the practice of the department had been to maximize any available revenues through the congressional delegation to add to the transportation system in Montana above and beyond the regular allocation. He said this request didn't go ahead of other requests in Public Lands and Highways.

Questions from Committee Members and Responses:

SEN. KEN MILLER asked why this bill was needed. **Mr. Galt** said this bill would make it simple to utilize the money.

SEN. MILLER asked if the appropriation was tied to HB 2. He said the legislature did not limit the department's spending authority on other highway projects and **Mr. Galt** said that was correct.

SEN. LINDA NELSON asked how this revenue would be set aside from other special revenue for highway projects. **Mr. Galt** said specific project funds are spent only on the project for which they were requested.

SEN. NELSON asked if this funding was above and beyond the federal money that the state gets as a match. **Mr. Galt** answered that was correct.

SEN. JACK WELLS asked about separate ways of obtaining monies. He wondered about the Belgrade highway and the airport road in that area. **Mr. Galt** said every road was unique and he thought the Belgrade highway project was already on the secondary system. It was a matter of time before the project would get to the top of the priorities list and become eligible for funding. He said

if the bill was amended, then other specific roads would not be eligible. **SEN. WELLS** asked why they would not be eligible. **Dave Galt** explained the transportation department was looking for money with superfund implications. He didn't think the Belgrade road would fit the criteria.

SEN. CHRIS CHRISTIAENS asked how the Federal Land Management was involved. **Mr. Galt** said he had not met with the federal offices. He pointed out no Public Lands Highway money was being sought for this bill. **SEN. CHRISTIAENS** referred the question to **REP. LEWIS** who advised the reason for the bill was to tap into some superfund clean-up money through the Corp of Engineers. He thought it would be useful to ask for federal funding specific to the Marysville Road. He stressed the project would not interfere with any other projects. He mentioned the drainage goes into the Missouri River in which the Corp of Engineers was heavily involved. **SEN. CHRISTIAENS** asked if since if it was a federal land management issue, if they were not already actively seeking assistance. **REP. LEWIS** said **REP. HAL HARPER** brought a bill on the same issue and had worked with the BLM. The BLM identified it as a priority, but the money was needed for planning.

SEN. BOB KEENAN asked **George Ochenski** for his views of the Marysville road construction. **George Ochenski** felt the Marysville Road was dangerous and he mentioned accidents that had occurred on the road. He thought that considering how many people use the road, that it could stand to be upgraded.

SEN. KEENAN asked about the planning and environmental assessment process for the construction of the road. **Mr. Galt** answered no planning had been done and there would be considerable environmental work on the road.

SEN. MILLER asked if the \$1 million was for planning and if it was also for an EIS. **Mr. Galt** said an EIS or EA would be included due to the hazardous waste issue.

SEN. KEENAN asked if the project would be paving a six mile road. **Dave Galt** said design would be the first issue, then environmental work and planning to see if the project would lend itself to paving.

SEN. KEENAN asked about the \$1 million. **Mr. Galt** answered it was for planning and environmental review. He said the road would be added to a list of priorities statewide.

SEN. MILLER wondered about the connection between superfund and a highway. He asked if the idea was to have a decent highway in

order to clean up the mines along the drainage. **Mr. Galt** said there is need for road in the area along with the need to look at the substructure of the road. If it contains hazardous mining waste it would have to be re-mediated.

SEN. MIGNON WATERMAN asked if the construction would be a part of the remediation. **REP. LEWIS** answered yes, that was correct. He indicated that part of the pollution problem was the dust and the runoff from the road. Some of the mine waste was used in the base of the road, possibly contributing to the mercury contamination in the area. The drainage is narrow, and the remediation cannot be done unless work is done on the road.

SEN. JON TESTER asked if this would be a separate project from the rest of the projects on the state schedule. **Mr. Galt** said that was correct. **SEN. TESTER** asked if they would go through regular channels of obtaining funding for this road. **Mr. Galt** answered no, because this road is not a part of any highway systems and would be ineligible for federal funding. They would seek other money.

{Tape 1; Side B}

SEN. WELLS asked how many people live up Marysville Road. **Mr. Willing** answered about 85 people. **SEN. WELLS** asked how long he lived in the area. **Mr. Willing** answered six years.

SEN. NELSON asked if it was the county's responsibility to maintain the road. **Mr. Galt** answered the county is responsible for that road. **Mr. Griffin** answered the county was responsible and it was one the most highly maintained roads in the county, as resources allowed.

SEN. BILL TASH asked, regarding maintenance on the road, if there had been any problems with gravels in Silver Creek. **Mr. Griffin** said they once used material from the area, but now import material from county gravel pits.

SEN. TOM BECK asked if the traffic counts were heavy on the road. **Mr. Griffin** said the traffic count two years ago was 280 trips plus another 500 trips on a ski day. **SEN. BECK** asked how that compared to other county roads that were paved. **Mr. Griffin** answered it was comparable.

SEN. KEENAN asked what level the project would follow in an environmental review, EA or EIS or both. He asked if MEPA was part of it. **Mr. Galt** said MEPA would be a part of it, and it would probably be an EIS.

Closing by Sponsor:

REP. LEWIS closed on the bill stating that they were not competing with other projects, but suggesting that if they receive specifically allocated federal funding, the department would have the authority to proceed with the planning. He thought there was a good chance of getting the funding.

HEARING ON HB 6

Sponsor: REP. MATT MCCANN, HD 92, HARLEM

Proponents: John Tubbs, Bureau Chief Resource Development
Bureau, DNRC

Opponents: None

Opening Statement by Sponsor:

REP. MATT MCCANN, HD 92, HARLEM, presented a table regarding the renewable resource grant and loan program **EXHIBIT(fcs74a05)** and handed out the amendments **EXHIBIT(fcs74a06)**. He explained HB 6 was a bill the legislature saw every session. He advised it was a vehicle to take interest dollars from the Resource Indemnity Trust and send them into Montana communities in the form of grants. The most a community can receive is a \$100,000 grant and the grants are directed towards waste water and irrigation projects. There was a total of \$4.2 million in grants for the upcoming biennium. He indicated the projects were listed in the bill. The bill was amended in the House Appropriations Committee. One dealt with drilling water wells due to a water shortage in Hobson and the second reversing the community of Malta irrigation district and the Montana student university project in the order of the bill.

Proponents' Testimony:

John Tubbs, Bureau Chief Resource Development Bureau, DNRC, explained the grants in HB 6 varied from irrigation to water quality issues. He pointed out the priority projects were high hazard, unsafe dams. He indicated there were emergency grants and grants to private water users. Project planning grants were successful in providing communities 50 percent of the cost of an engineering study for alternatives analysis. He asked for support of HB 6.

Opponents' Testimony:

None.

Questions from Committee Members and Responses:

SEN. MILLER asked about the married student irrigation project. **Mr. Tubbs** explained the campus of Bozeman had a unique facility to irrigate the grass in front of the married student housing area utilizing an irrigation ditch. They wanted to automate the system, which would save \$100,000 in energy costs the first year. It was not publicly funded.

SEN. NELSON asked if RIT interest was involved. **Mr. Tubbs** confirmed it was Resource Indemnity Trust interest earnings.

SEN. MILLER asked about the Laurel project being just out of the funding. He asked what salinity management had to do with it. He acknowledged that Laurel was built on a swamp. **Mr. Tubbs** explained the Laurel proposal. He talked about the salinity within the soil and how it can be corrosive. **SEN. MILLER** asked if the research would be helpful to coalbed methane development and the salinity problems with that water. **Mr. Tubbs** said similar techniques could be used in the coalbed methane area.

SEN. GREG JERGESON asked if there were other bills that could change the money line. **Mr. Tubbs** said that would take a proactive amendment to HB 6. He referred to Section one lines 13 through 18 that defined how much money would be appropriated. Other bills might create a fund balance problem in HB 2.

SEN. NELSON asked if every entity that requests a grant were listed. **John Tubbs** said some projects do not make the list.

SEN. BILL TASH asked if the applications were subject to public hearings. **Mr. Tubbs** answered by saying each community holds public hearings for their water and sewer projects. He said the department measures the community support for projects.

SEN. BECK asked about the amendments and projects added to the list. **Mr. Tubbs** said all of the amendments were made during subcommittee action. All other amendments were below the line. No applicants were getting money that did not go through the process. **SEN. BECK** asked about the reversal of the Malta project and the married student housing project and the purpose of the amendments. **John Tubbs** explained the amendments. **SEN. BECK** asked about the cut off line. **Mr. Tubbs** referred to page five and said it was the Charlo water district.

SEN. CHRISTIAENS asked about the Corrections Enterprises Ranch and the total cost of the project. **Mr. Tubbs** explained the project was for dam repairs and said there was not a large match to this project. **SEN. CHRISTIAENS** asked about looking at the ability to pay before projects go into the category. **Mr. Tubbs** said there is no criteria in the resource program to look at affordability or ability to pay. He indicated the Department of Corrections was a qualified applicant and high hazard dam projects rank high. **SEN. CHRISTIAENS** asked if they look more at the quality of the applications. **Mr. Tubbs** said they not only look at the quality of the applications, but the problem it resolves. **SEN. CHRISTIAENS** wondered about the fund balance at the Corrections Enterprises Ranch. **SEN. BILL TASH** explained **SEN. BECK** and he served on the Prison Ranch Interim Committee and the dams were identified as high hazard dams that not only served the Correction Enterprise System but one dam served the city of Deer Lodge. He advised part of the funding for the projects was a great deal more than what was identified.

SEN. BECK asked about the cutting the fund. **Mr. Tubbs** said it was a small amount. The committee reduced all non-construction projects by 25 percent.

Closing by Sponsor:

REP. MCCANN said the funding was available to the communities as a direct vehicle for water, waste water and irrigation projects.

{Tape 2; Side A}

HEARING ON HB 8

Sponsor: **REP. MATT MCCANN, HD 92, HARLEM**

Proponents: **John Tubbs, Bureau Chief, DNRC**

Opponents: **None**

Opening Statement by Sponsor:

REP. MATT MCCANN, HD 92, HARLEM, explained HB 8 had \$6.9 million in spending authority for water, wastewater and irrigation projects. He advised the intent of the bill was to make projects more affordable and loans would be subsidized by the state.

Proponents' Testimony:

John Tubbs, Bureau Chief, DNRC, advised the loans in HB 8 were funded through the sale of Coal Severance Tax Bonds. He said the bill required a 3/4 majority of both Houses. He explained the program and advised it was one of the only places irrigation districts could get low cost debt. He advised the program provided a safety net for community water and wastewater systems in case they did not qualify for the bigger programs. He cautioned HB 8 should not go to the floor depending on the status of SB 198 to fund infrastructure projects from the same source. He said it was a constraint issue.

Opponents' Testimony:

None.

Questions from Committee Members and Responses:

SEN. CHRISTIAENS asked if there were delinquencies with any of the grants. **Mr. Tubbs** answered there has never been a default on a Coal Severance Tax loan. **SEN. CHRISTIAENS** asked about the deregulation issue and the increase for electricity for irrigation. **Mr. Tubbs** said there was no detailed discussion regarding high energy prices and the ability to re-pay. He cited a few projects that were crucial. **SEN. CHRISTIAENS** wondered about Lake Francis and if there was enough water for any irrigation. **SEN. BECK** commented there was mostly flood irrigation below Nevada Creek Dam. He thought Nevada Creek would fill. He thought the projects would get paid. He thought the projects in HB 8 were good projects.

Closing by Sponsor:

REP. MATT MCCANN, HD 92, HARLEM, closed on the bill.

The committee informally discussed bills that had not had executive action.

ADJOURNMENT

Adjournment: 10:25 A.M.

SEN. BOB KEENAN, Chairman

PRUDENCE GILDROY, Secretary

BK/PG

EXHIBIT (fcs74aad)